

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

May 10, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Degginger, and Lee

ABSENT: Dr. Davidson

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:01 p.m. and announced recess to Executive Session for approximately 20 minutes to discuss one item of pending litigation.

The meeting resumed at 6:19 p.m. with Mayor Marshall presiding.

2. Oral Communications: None.

3. Study Session

(a) Council New Initiatives

No new initiatives were introduced.

(b) City Manager's Report

City Manager Steve Sarkozy noted a memo in Council's packet regarding the tent city permitting process. Planning and Community Development Director Matt Terry explained that there are no current plans to locate a tent city in Bellevue. However, a memo on page 3-1 of the Council packet outlines the permitting process that will apply if a tent city is proposed for Bellevue. Mayor Marshall asked staff to provide copies of Council's packet materials on this topic to representatives of the Surrey Downs neighborhood.

(c) Status Report on Overlake Hospital Project

Land Use Director Carol Helland reported that the four-party agreement for the coordinated planning of the NE 10th Street extension and the Overlake Hospital Medical Center expansion

project has been signed and a project team has been formed with representatives from OHMC, the City, Capstone Partners (project managers), Group Health Cooperative (represented by Trammel Crow), and Washington State Department of Transportation. The new buildings at OHMC are scheduled to open in 2007.

Ken Graham, CEO of OHMC, thanked Councilmembers for meeting recently with the OHMC Board. He briefly reviewed the hospital's priorities including the urgency of project timing, the need for workable solutions for health care institutions and the City, and the quality of patient care. Mr. Graham thanked Councilmembers for their support and City staff for their extraordinary efforts to move the project forward.

Mike Hubbard, Project Manager (Capstone Partners), thanked the project team and contractors for meeting nearly weekly over the past few months to expedite this project. He discussed the increasing demand for hospital facilities both regionally and nationally. The OHMC expansion project will create 1,000 new jobs within the community. Mr. Hubbard praised the exceptional private/public partnership and cooperation on this project.

Mr. Lee commended the project team for their hard work on this project. Deputy Mayor Noble concurred and noted the importance of the project for the community.

Mayor Marshall praised City staff and the project team for their efforts and thanked OHMC Board Members for attending tonight's meeting.

(d) New City Building – Design Direction

Mr. Sarkozy reopened Council's ongoing discussion regarding the New City Building. PCD Director Matt Terry welcomed Cath Brunner, art consultant; Rick Zieve, SRG Partnership; and Chris Phillips, landscape architect. Mr. Terry said the purpose of tonight's presentation is to review Council's approval process, public art proposals, south landscape and SE gateway options, and the concourse roof design.

Mr. Terry recalled staff's presentation during the May 3 Study Session of the City Manager's recommended project with a net cost of \$100.4 million. Council indicated a preference to adopt the maximum allowable construction cost (MACC), if possible, during the May 24 Extended Study Session. With that goal in mind, tonight staff will start a list of Council's recommended scope and budget changes throughout the discussions. Each item will ultimately be voted on by Council. Establishment of the MACC as well as the overall project budget and finance plan is scheduled for adoption on May 24. If more time is needed, action will be rescheduled for a special meeting on June 1.

Ms. Brunner presented conceptual proposals for artwork throughout the New City Building organized around the principles of the land, the water's edge, and mountain views. She displayed and described past examples of art pieces by Dan Corson, who is working on the landscape and entry plaza for the new building. Linda Beaumont will provide artwork for the interior concourse. Ms. Brunner displayed examples of terrazzo floors designed by Ms. Beaumont including the compass at Safeco Field. Alan Storey is working on the viewpoint and

mountain views. He specializes in interactive artwork that involves the viewer including a project in Vancouver in which pedestrians walking on a boardwalk activate rolling, steaming barrels above. Mr. Storey is designing a compass sculpture to highlight the end of the concourse in the New City Building.

Mr. Zieve commented on how well the art and architecture support and complement each other as well as engage the building's occupants in the views beyond the building. Ms. Brunner introduced Ms. Beaumont and Mr. Corson, who were present in the audience.

Mr. Phillips recalled previous discussion with Council regarding the 100-percent design development plan for landscaping. At that time, Council was concerned about the density, colors, and variety of plantings along NE 4th Street and suggested less dense landscaping to invite the public to utilize the space. Councilmembers were interested in reviewing more options for a gateway treatment at the southeast corner of the site. They expressed concern regarding the terminus of the concourse.

In response to previous Council discussion, Mr. Phillips proposed deleting the pavilion water feature (\$257,275) and reducing the south edge landscape along NE 4th Street (\$295,950). He reviewed an optional south edge landscape scheme incorporating pathways, seating, flowering shrubs, native dogwood plantings, gardens, and a reduction in tall conifers. Seasonal flowers will be rotated at the gateway corner. Mr. Zieve described the proposed terra cotta trellis to screen the garage and provide an effective backdrop for Mr. Storey's sculpture at the end of the concourse.

In further response to previous Council discussion, Mr. Phillips reviewed two water feature options for the southeast gateway corner. The first option consists of streams of water shooting up from a pool at the base of Mr. Storey's sculpture, with an estimated cost of \$350,000. The second option is a waterfall behind the sculpture with an estimated cost of \$500,000. Mr. Zieve feels the first water feature option works particularly well with the sculpture.

Mr. Zieve described the recommended roof design for the concourse, which includes a 30-foot covered terrace at the end of the concourse adjacent to Mr. Storey's sculpture.

Councilmember Degginger expressed concern that the sculpture will obstruct the view of Mt. Rainier. Mr. Zieve said the sculpture will not be directly in front of Mt. Rainier. Ms. Brunner said the artwork provides a different view without obstructing the natural view. Mr. Chelminiak shares Mr. Degginger's concern about the view of Mt. Rainier and wondered whether too many features are combined in that particular area of the building.

Deputy Mayor Noble questioned the functional value of the proposed roof overhang. He likes the stepped roof design proposed by Mr. Jacobs.

Councilmember Balducci expressed support for the concourse design and sculpture. While she appreciates the landscaping option for NE 4th Street, she feels people will not walk or gather there due to the noisy traffic and steep grade.

Mr. Lee is pleased with the enhanced focus on the southeast gateway corner. He likes Mr. Storey's sculpture but is concerned its proposed placement will compete with views of Mt. Rainier.

Mr. Chelminiak agrees with Ms. Balducci that the public is less likely to congregate or utilize park amenities along NE 4th Street. He cautioned that landscape amenities could lead the public to expect a public entrance along NE 4th Street. He likes the colorful flowers and shrubs proposed.

Mayor Marshall is pleased with the integration of art into the building, including artwork at both entrances. She expressed support for the gateway treatment, water feature, and revised landscaping plan. Mrs. Marshall recalled former Councilmember Creighton's advice that the majority of residents and visitors will see this building only from the outside. She thanked the project team for being responsive to Council direction and mindful of the project budget.

Mr. Lee expressed general support for the proposed artwork. He feels the southeast gateway should reflect a City in a Park and the water feature will help mask the traffic noise at the corner.

Mayor Marshall thanked staff for the presentation. Deputy Mayor Noble asked them to stay and listen to comments provided during the public hearing.

At 7:50 p.m., Mayor Marshall declared a break, noting that the public hearing is scheduled for 8:00 p.m.

- (e) Public Hearing on design development recommendations for scope and budget of New City Building project

The meeting resumed at 8:01 p.m.

- ➡ Deputy Mayor Noble moved to open the public hearing, and Mr. Degginger seconded the motion.
- ➡ The motion to open the public hearing carried by a vote of 6-0.

The following citizens came forward to comment on design development recommendations for the scope and budget of the New City Building project:

- (1) Lynne Allison reported that the Bellevue Arts Commission has not yet formulated a recommendation regarding artwork for the New City Building. The Commission is currently reviewing the conceptual proposals within the broader context of its annual budget review and hopes to have a recommendation for Council by next Monday.
- (2) Karen Klett briefly described the work of the Cultural Compass steering committee to develop a cultural plan for the community. She noted a proposal to use public art CIP funds for the New City Building. Ms. Klett expressed concern that this use of funds will negatively affect implementation of the Cultural Compass plan.

- (3) Grant Ringel, representing Bellevue Downtown Association, expressed support for the New City Building redevelopment project. The BDA particularly likes the plans for the southeast gateway corner and the northwest plaza. He encouraged Council to consider the north side of the site as a gateway as well. If budget reductions are necessary, Mr. Ringel suggested a phased approach to the landscaping rather than deleting other items.
 - (4) Loyd Jacobs recalled his previous comments to Council in recent weeks and encouraged Council to not be too cost-conscious with the new building. He likes the proposed gateway treatment but feels a water feature would be more effective halfway up the block than at the southeast corner. He suggested expanding the garage to the south for improved pedestrian traffic. Mr. Jacobs feels the stairs near Council Chambers should be moved out of the concourse to improve the flow of the space and the view.
 - (5) Leslie Lloyd, Bellevue Downtown Association, questioned whether adequate parking will be provided for the building. She noted the BDA works with a consultant to develop transportation management plans for downtown buildings. Services include ride matching, bus passes for employees, and van pools.
 - (6) Kristen Webb noted her longtime involvement in arts organizations including her current role as a board member for the KidsQuest Children's Museum. She encouraged Council to demonstrate regional leadership in the arts and cited Bellevue 50Fest as an important model for public-private partnerships. Ms. Webb asked Council to: 1) not reduce allocations already budgeted in the public art and gateways CIP funds, and 2) maintain the \$900,000 allocated for public art in the New City Building.
 - (7) Walter Scott, Legacy Commercial, owns two buildings on 112th Avenue as well as other buildings in Bellevue and elsewhere. Mr. Scott estimates that the New City Building will be 144 to 183 parking spaces short of its parking demand. He asked Council to study the issue further to avoid potential parking problems.
- ➡ Deputy Mayor Noble moved to close the public hearing, and Mr. Chelminiak seconded the motion.
- ➡ The motion to close the public hearing carried by a vote of 6-0.

Mayor Marshall thanked everyone for coming to participate in the meeting.

Deputy Mayor Noble would like staff to reevaluate the parking needs for the new building. He asked the project team to review Mr. Jacobs' suggestion regarding moving the parking garage entrance to the south.

Mr. Lee is interested in Mr. Jacobs' proposal regarding the stairs and concourse.

Responding to Councilmember Balducci, Mr. Zieve described plans for the proposed glass stair tower. Mr. Zieve said the idea is to use patterned glass and a design incorporating words, color, and lighting.

Mr. Terry said the project team discussed a number of ways to identify the new building as City Hall, and the stairwell treatment was considered to be the most desirable option. Mayor Marshall asked staff to share the options with Council at the next meeting.

Mr. Degginger recalled his interest in more information on the proposed pneumatic tube system.

Mr. Sarkozy noted that a model of the New City Building is on display on the third floor of the current City Hall.

(f) Key Drivers and Policy Issues for Transportation Department – 2005-2006
Operating Budget and 2005-2011 Capital Investment Program (CIP) Plan

Mr. Sarkozy explained that tonight's budget presentation is the first in a series of department-specific discussions. Upcoming presentations are scheduled as follows:

- May 24 Planning and Community Development
- June 7 Fire and Police
- June 14 Enterprise-wide IT issues and Parks
- June 28 Utilities.

Mr. Sarkozy said staff will keep a running list of Council priorities and issues throughout the budget discussions.

Goran Sparrman, Transportation Director, said tonight's presentation will review Transportation Department programs and services, budget management, and key drivers and policy issues. The four program/service areas are: Transportation Improvements, Transportation Maintenance, Transportation Operations, and Real Property Services.

Turning to budget management, Mr. Sparrman explained that job vacancies have been prioritized and some positions have been frozen because they are not needed at this time. One-time savings were achieved through the LED signal conversion, which uses less energy to operate traffic signals. Savings have been achieved in the Capital Investment Program (CIP) Plan through construction contracts that are lower than the engineer's estimate as well as significant grant funding. The Transportation Department delivered more than 100 projects totaling \$69 million in 2002-2003.

Mr. Sparrman reviewed the key drivers and policy issues which are categorized into three areas: 1) CIP funding and program levels, 2) long-term community enhancements, and 3) concurrency methodology review. Priorities for CIP funding are to maintain an effective, flexible, and well-maintained transportation system. Issues include a short-term cash flow imbalance, project implementation funding for transportation pre-design projects, and additional capital needs. The

following pre-design projects are not currently funded for implementation: 1) Lakemont Boulevard, 2) West Lake Sammamish Parkway, 3) 119th Avenue SE, 4) NE 24th Street, and 5) 145th Place SE.

Mr. Sparrman said the unfunded 2004-2009 Transportation Improvement Plan (TIP) exceeds \$200 million and provides guidance as to long-term capital needs. TIP projects are grouped into neighborhood protection and investment, economic development, and regional projects. Mr. Sparrman said alternatives for addressing funding include maintaining the current funding allocation, deferring projects so expenditures match revenues, increasing CIP funding from existing or new sources, or reprioritizing projects to add new higher priority projects.

Long-term community enhancements are focused on preserving neighborhood quality of life and supporting Bellevue's economy. Possible long-term transportation improvements have been identified within the areas of high-capacity transit (Sound Transit Phase II planning), regional corridors (I-405, I-90, SR 520), and downtown circulation. The area of downtown circulation includes implementing the Downtown Implementation Plan Update and design studies for freeway interchanges at NE 2nd and NE 10th Streets, one-way couplets for 106th and 108th Avenues, selected widening of NE 8th and NE 2nd Streets, and connecting NE 10th Street between 112th and 116th Avenues.

Mr. Sparrman discussed the need to review the City's concurrency methodology. The current method does not reflect transit and other transportation investments. Adjacent cities including Kirkland, Redmond, and Issaquah have plans to update their concurrency methodologies.

Responding to Councilmember Lee, Mr. Sparrman acknowledged Council's interest in exploring technologies that will save money and/or improve transportation operations such as ITS (Intelligent Transportation Systems). Options that have been discussed regionally and locally include light rail, monorail, bus rapid transit, and magnetic levitation.

(g) 1st Quarter 2004 Budget Monitoring Report

Jan Hawn, Finance Director, reported positive signs of economic recovery in the first quarter of 2004. The national unemployment rate continues to decline, and Puget Sound's unemployment rate decreased from 6.7 percent in 2003 to 5.7 percent during the first quarter of 2004. Office vacancy rates in Bellevue's central business district declined from 23.3 percent in the first quarter of 2003 to 19.7 percent in early 2004. Personal income is expected to increase 4.5 percent during 2004. This boosts taxable retail sales, which have increased by 2 percent from 2003 to 2004.

The General Fund began 2004 with a beginning fund balance \$500,000 higher than anticipated. The business and occupation tax and sales tax are performing as budgeted but utility taxes have been adjusted slightly downward. Overall expenditures are in line with the budget, but staff continues to follow budget control measures. Ongoing challenges include health benefits costs and the workers' compensation fund. The Health Benefits fund's beginning fund balance was 29 percent lower than budgeted and expenditures are expected to be 7 percent over budget.

Responding to Mr. Degginger, Ms. Hawn said increased expenditures for workers' compensation claims are related to increasing medical costs, partial disability payments that were higher than normal, and lost time payments. Mr. Degginger questioned the impact of the City's wellness program on the volume of medical claims. Mayor Marshall asked staff to track the types of claims to identify any areas in which the City could alleviate or correct a problem.

Mr. Chelminiak noted the loss of vehicle license revenue totaling approximately \$1 million per year. Because of the advanced planning required for large transportation projects, Mr. Chelminiak wondered if it is possible to identify future projects that might be unfunded due to the loss of revenue. Mr. Sarkozy said staff will address this question in the upcoming CIP budget discussion.

Responding to a gentleman in the audience wishing to comment on the proposed expansion of the Lochleven substation, Mayor Marshall said Council is not able to receive public comment on this quasi-judicial matter. Myrna Basich, City Clerk, explained that the matter is currently under review by the City's Hearing Examiner, who will ultimately issue a recommendation. Because the matter could be presented to Council at a later date as an appeal, Councilmembers are not allowed to hear testimony related to the issue at this time. Mayor Marshall acknowledged that public comment received by Council on May 3 will be disclosed by Councilmembers during any future consideration of the matter.

At 9:20 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich
City Clerk

kaw